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## Undwarfing the Giant: A Shared Value Approach

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### Abstract

This is a follow up paper on the dwarfed giant: impact of trade and related policies on SMEs in the Nigerian textile industry. This study uncovers how the dwarfed giant can be undwarfed through the creation of shared value. To achieve this, the study examines areas of SMEs collaborative partnership in the Nigerian textile industry. SMEs in the Nigerian textile industry are faced with challenges that limit their abilities to compete favourably due to growing pressures from the liberalisation of international trade. These challenges have been an issue of concern, especially for SMEs fabric manufacturers operating in the Nigerian textile industry who are faced with the fundamental task of attaining long-term sustainability while simultaneously creating value for their customers and the society. The study identified some elements of collaborative partnerships between SMEs, customers and the government. It also identified the absence of on-going collaboration between SMEs and educational institutions in the country. However, these collaborative efforts have yielded little or no result due to the lack of shared understanding and values among key stakeholders in the industry. In bridging this gap, the study suggests that the principles of shared value creation be embedded into SMEs business strategy in inter-organizational relationships with key stakeholders in and out of the textile value chain. This way, they can effectively co-create shared value in the internal environment and adequately tackle the challenges of the external business environment.

**Keywords** *SMEs, Textile Industry, Nigeria, Collaboration, Creating Shared Value.*

### Introduction

The significance of SMEs in socioeconomic growth and development of nations has been widely recognized most especially in developing countries like Nigeria. In part, this is linked to the sheer number of firms operating as SMEs. A survey conducted by Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) and National Bureau of Statistics (NBS) in 2013, reports that there are about 72,838 formally registered SMEs in Nigeria (Small- 68,168, and Medium-4,670), 95 percent of which operate in the manufacturing sector such as the textile industry. However, Pessu (2017) study suggests that the number of unregistered firms operating as SMEs in Nigeria is more

than those officially registered with the country's corporate affairs commission. Despite their contribution to economic growth, there are concerns that SMEs in the Nigerian textile industry are faced with challenges that limit their abilities to compete favorably due to growing pressures from the liberalization of international trade. These challenges have been an issue of concern, especially for SMEs fabric manufacturers operating in the Nigerian textile industry who are faced with the fundamental task of attaining long-term sustainability while simultaneously creating value for their customers and the society. Studies indicate that the challenges faced by firms because of liberal policy in most developing countries are linked to poor implementation of macroeconomic, trade-related infrastructure and institutional policies (Tang & Harrison, 2005; Ijeoma, 2013; Pessu, 2017; Pessu & Agboma, 2018). In the case of Nigeria, Pessu (2017) study on the impact of trade policies on SMEs business relationships in the Nigerian textile industry attributes the absence of measurable supportive policies to accompany the implementation of liberal rules in the country to a lack of shared value and collaborative partnership between key stakeholders in the industry.

The importance of collaboration in today's business environment cannot be over-emphasized as it plays an important role in addressing economic, social and environmental issues affecting businesses. Due to global competitive pressures from the external business environment, firms are being urged to identify and integrate key stakeholders and value chain partners into their core business practices through collaborative partnerships in order to adapt to external pressure, remain competitive and effectively co-create shared value for business and society (Pfitzer, Bockstette & Stamp, 2013; Ilyas, Banwet & Shankar, 2006). However, there are limited empirical research on how SMEs can engage in collaborative partnership within their domestic business environment (Alonso & Bressan, 2014), especially those operating in the Nigerian textile industry. In bridging this gap, the aim of this study is to examine areas of collaborative partnership among SMEs fabric manufacturers in the Nigerian textile industry based on key findings on how the Nigerian textile industry became dwarfed from the last paper by Pessu & Agboma (2018). Findings from this study will contribute towards understanding how SMEs operating in the Nigerian textile industry can attain long-term sustainability by simultaneously co-creating shared value with key stakeholders in their business environment. In addition, the findings will be beneficial to SMEs operating in other Industrial sectors of the economy that shares similar characteristics with the Nigerian textile industry. In addressing this broad objective, the paper is divided into four sections. Section 2 examines the importance of collaboration and the creation of shared value in SMEs business environment. Section 3 covers the research methodology employed in this study. Section 4 presents the research findings and discussion. Lastly, Section 5 ends with a summary and conclusion.

### **Collaboration through Creating Shared Value (CSV) in SMEs Business Environment**

Collaboration is a very wide and encompassing term and as such the meaning and interpretation differs from one audience to another depending on the context of the application. Collaboration is defined as occurring when two or more stakeholders work together in partnership to plan and execute activities to achieve a common goal, which may lead to greater socioeconomic value (Simatupang & Sridharan, 2005; Katz & Martin, 1997; Mayer, Feistenauer & Quick, 2014). Moving beyond the literal meaning of "the action of working with someone to produce something", Barratt

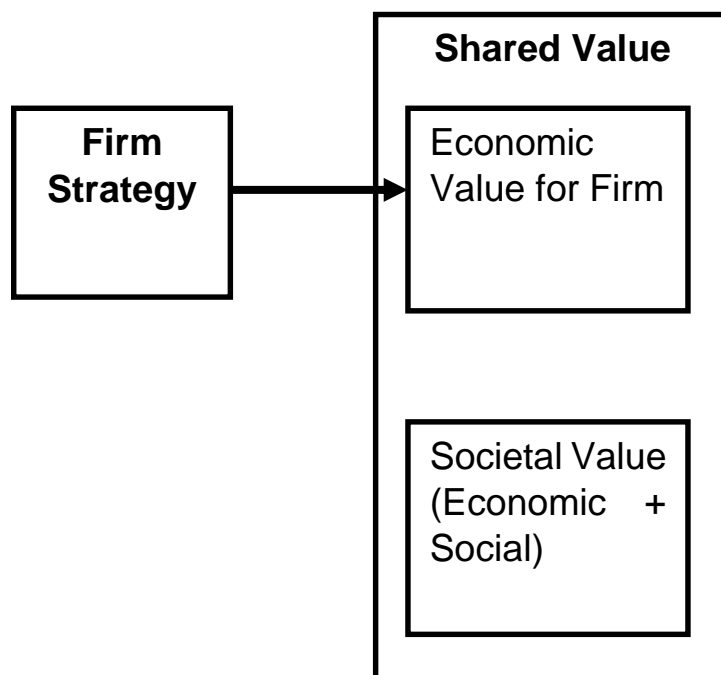
(2004) suggests that in order to have a clearer and more productive understanding of the term, it is important to consider four key principles (1) Why is collaboration necessary? (2) Where and with whom a firm collaborates within the business environment? (3) Over what activities can partners collaborate? and (4) What are the elements of collaboration? In addition, Wood & Gray (1991) explain that collaboration entails the following characteristics: (1) it involves the relational exchange of resources such as information sharing, finance and labour; (2) it involves a minimum of two actors or stakeholders; and (3) total commitment, trust, and partnership is needed between stakeholders in order to adequately tackle issues affecting the business. Collaboration is an essential part of every business relationship and as such for firms' to have sustained competitive advantage in business markets; they must engage in collaborative relational exchange with the environment. The form of collaboration required is one based on shared values.

Hart & Milstein (2003) prescribe that addressing the challenges associated with firms' sustainability through the right set of business lenses can assist in identifying strategies that can contribute to their long-term sustainability and simultaneously drive social and economic value creation. Porter & Kramer (2011) argue that the problem faced by firms today in their business environment is due to their outdated view of value creation. That is, they often view value creation narrowly, optimizing for short-term financial performance while ignoring the most important needs of wider stakeholders including customers and the broader influences that determine long-term success. Over the years, lots of pressure has been mounted on businesses through government policies and societies on the need to be transparent and fair in their business dealings in order to avoid scandals and sustain their competitiveness (Marrewijk, 2003). The idea is that businesses should not focus only on maximizing profit, but they should also create social value often achieved through practices related to corporate social responsibility (CSR). This means that CSR is not enough, but it is a superficial approach to bridging the gap between the economic and social contribution of business. In this view, the role of business in society has been subject to debates, especially on their impact on socioeconomic and environmental issues (Carroll, 1999; Lee, 2008; Moore; 2014).

Kbe & Cormack (2006) point that most discussion on the "role of businesses in society" focuses only on the business activities of firms without adequate consideration of the challenges they face in their business environment. In bridging the gap between business and society, the business environment through its stakeholders such as the government, universities, trade unions, customers, and numerous others need to also contribute to businesses creating social and economic value because businesses on their own cannot create socioeconomic value through CSR. This led to the concept of creating shared value (CSV), which is viewed as a socially responsible business practice (Porter & Kramer, 2006; 2011). The concept of CSV suggests creating economic value while simultaneously creating value for the society which is more beyond the "the token of gesture" of CSR. Amah & Ahiauzu (2014) defines shared value as those beliefs, values, and expectations, which organizational actors hold. Meaning, organizations who incorporate the concept of shared value into their business strategies create an internal system of governance. Looking at the above definition; it is clear that Amah & Ahiauzu (2014) definition is quite vague because it focuses on internal stakeholders within the organization. Meanwhile, Porter & Kramer (2011:2) defines CSV "as policies and operating

practices that enhances the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates". This definition is quite broad because it allows the idea of multiple perspectives that focuses on both internal and external stakeholders. Porter & Kramer (2011) definition is far more holistic, complete and relevant giving the context and development objective of the industry. The concept of shared value as shown in figure 1 below has the ability to unleash the wave of economic growth by attracting profit and competitive advantage to business as well as helping in solving societal issues.

**Figure1 Creating Shared Value Framework**



Source: Pessu (2017)

CSV condemns the role businesses play in failing to create societal value due to the fact that firm strategy does not often give due consideration or incorporate important elements of social value (Aakhus & Bzdak, 2012). Dietz & Porter (2012) define social value creation as a contribution to the growth and development of society. Sinkovics, Sinkovics & Yamin (2014) mention that in the context of developed and developing countries, what qualifies as social value creation in one country may differ in another due to the differences in economic, political and institutional environment. In view of this, Acs, Boardman & McNeely (2013) opined that social value creation by firms in developing countries is greater, but also more relevant because the socioeconomic challenges of these countries are more visible than in the developed world. Thus, it is believed that the shared value framework proposes that business and social value should be brought together through business strategy (Porter & Kramer, 2011; Aakhus & Bzdak, 2012). In terms of firm strategy, Porter & Kramer (2011) do not really provide the stakeholders involved, so this makes the process of CSV open to multiple external



players. This could involve other stakeholders such as; universities, government, trade unions, customers, and NGOs. Equally, Hax & Majluf (1986) hold that business strategy are those decisions a firm makes that reflects their policies, aims and aspirations to achieve set goals such as (1) defining the kind of businesses the company will be involved; and (2) the type of economic and social organization the company is and how the company can co-create value with their customers, shareholders, employees and communities. CSV concept stresses that companies must address both economic and social issues by using the principles of value because companies have rarely approached societal issues from a value perspective rather they have been more concerned with making profits (Porter & Kramer, 2011). That is, firms should have an understanding of what value is, how it is created and added. Value can be examined from two perspectives; from the angle of the firm, which focuses on how they can gain value from their partners or provide superior value to them and the other perspective focuses on how these partners perceive value (Reijonen & Laukkanen, 2010). In addressing the role of business in creating socioeconomic value, Sinkovics, Sinkovics & Yamin (2014) discuss that there are debates among researchers and practitioners on the relationship between business and socioeconomic value creation. They note that at the heart of these debates are the following questions; can firms simultaneously create value while addressing social and economic issues? Porter & Kramer (2006; 2011) report that the CSV framework is aimed at addressing societal issues in a way that is commercially viable to firms; which means improving their competitiveness by creating superior and long-term value and high product quality whilst contributing to socioeconomic development. Huber, Herrmaan & Morgan (2001) suggest that creating superior value is a means of gaining competitive advantage. Firms that engage in successful long-term collaborative business relationships and the creation of superior value have a more competitive advantage. There are concerns that firms who incorporate social value creation into their business strategies will be less successful in terms of market growth and profitability (Sinkovics, Sinkovics & Yamin, 2014; McDonald, 2007). Moore (2014:3) cites that Porter and Kramer argue, "All profit is not equal". That is profit involving shared value contributes to the growth and development of the society and enhances the sustainability and competitiveness of firms.

A growing number of businesses are already adopting the CSV concept by reconceiving the intersection between society and business performance. The suggestion is that the CSV concept will drive the next wave of innovation and increased productivity in the global economy and in doing so, there is a scope of it to revive previously dwarfed industries. Spitzeck & Chapman (2012) note that shared value firms must first create value for themselves in order to enhance their competitiveness and then create value for the society by addressing societal issues in the environment in which they operate. This means that CSV can be integrated into core business strategies in numerous ways. Aakhus & Bzdak (2012) point out that CSV framework focuses on two types of value creation; business and society, which should be merged together through business strategy. Embedding CSV into business strategy in the business environment goes through five stages: (1) partner selection, defining purpose, setting relationship boundaries, creating value and relationship maintenance (Powers & Reagan, 2007). Partner selection is the most important aspect of the relationship development process. That is, this step comes first before others. This stage focuses on the assessment of the quality of potential partners in developing a relationship. (2) Defining purpose

stage identifies the aim of the relationship to which the development provides rules or contracts of the relationship that gives legitimacy between partners and there must be an understanding of the purpose of the relationship. (3) Setting relationship boundaries is the degree to which each party penetrates each other's organization and achieves joint action. In other words, the level of satisfaction at this stage is determined by the efforts and resources committed to the partnership and collaboration by the parties involved in this process. (4) Creating value is the process whereby the competitive abilities of both partners are being strengthened through their relationship. Partners gain from this relationship through processes such as creating a product to meet the other partner's needs, information, market access, technology, knowledge, low price and operating cost. (5) Relationship maintenance focuses on the stability of the relationship that has been developed over time. Firms require a supportive environment to efficiently create value and demands of its products, just as the community needs a successful business to contribute to the development of their operating environment such as opportunities for employment and wealth creation for its citizens (Porter & Kramer, 2011).

Firms who engage in successful long-term collaborative business relationships and the creation of superior value have a more competitive advantage. Thus, the shared value framework recognizes the interdependence between organizations and their operative environment (Aakhus & Bzdak, 2012). Porter & Kramer (2011) suggest that creating shared value can be achieved in three ways; by reconceiving products and markets, redefining productivity in the value chain and by building supportive industry clusters. Crane, Palazzo, Spence & Matten (2014) explain that firms can reconceive products and market by addressing social issues while simultaneously creating value for customers and consumers. Productivity in the value chain can be redefined by enhancing socioeconomic and environmental capabilities with members in the supply chain and by building local clusters in order to achieve sustainable growth and development through collaboration with suppliers and local institutions (Crane, Palazzo, Spence & Matten, 2014). Shared value should be seen as the creation of added value for the society based on their needs and challenges (Markopoulos & Vanharanta, 2015). Aakhus & Bzdak (2012) advise that before adopting the concept of CSV as a way of understanding the relationship between business and society, it is essential to review the pros and cons of the concept. Table 1 below highlights the strengths and weaknesses of the CSV concept.

**Table 1. Strengths and Weaknesses of Creating Shared Value Concept**

<b>Strengths</b>	<b>Weaknesses</b>
CSV appeals to practitioners and scholars	CSV is unoriginal because of the similarities it has with the concept of CSR, stakeholder management and social innovation.
CSV elevates social goals to a strategic level	CSV ignores the tensions between social and economic goals
CSV adds rigour to ideas of "conscious capitalism" and provides an umbrella construct for loosely connected concepts	CSV is based on a shallow conception of the corporation's role in society
CSV articulates a clear role for government in responsible behaviour	CSV is naive about the challenges of business compliance

Source: Crane, Palazzo, Spence & Matten (2014)

Although CSV has been criticized because it ignores the tensions between social and economic goals. However, CSV is beneficial for the following reasons: (1) it strengthens the idea of collaboration between stakeholders in addressing socioeconomic issues while simultaneously creating value; (2) it clearly defines the role and responsibilities of government in creating an enabling business environment for domestic firms to thrive unlike CSR which pays little or no attention in this area; and (3) CSV approach is also beneficial from developing countries context like Nigeria who requires both economic and social development. Another reason for the relevance of this framework is that it embodies the principles of relationship marketing (building and maintaining long-term inter-organizational relationships) and co-creation of value through a collaborative partnership. It is also a more complete and encompassing approach that highlights the importance of collaboration in CSV. Thus, CSV approach is more relevant in the developing country context and the Nigerian Textile Industry is a good case to examine how it might be applied in practice based on key findings on how the Nigerian textile industry became dwarfed from the last paper by Pessu & Agboma (2018). The key findings from Pessu & Agboma (2018) study on the dwarfed giant suggest that the challenges faced by SMEs in the Nigerian textile industry are due to the lack of shared understanding and collaboration among key stakeholders in the implementation of favorable and long-term sustainable supportive policies in the country.

### **Methodology**

This paper was part of a wider study investigating the impact of trade policies on SMEs fabric manufacturing firms operating in the Nigerian textile industry using a qualitative mode of inquiry and case study research strategy. In-depth case studies were employed because it contributes to the knowledge and understanding of complex social phenomena through information gathering about specific event or activities associated with a particular firm or industry with the aim of providing a constructive explanation of the researched (Yin, 2014). In addition, it is useful in areas where little or no research has been done, as is the case in this research from a developing country's perspective. The aim of the study is to explore areas of collaborative partnership between SMEs fabric manufacturers and key stakeholders in the Nigerian textile industry based on key findings on how the Nigerian textile industry became dwarfed from the last paper by Pessu & Agboma (2018). Nine separate in-depth interviews were conducted with senior managers of three SMEs textile fabric-manufacturing firms based in Lagos State, Nigeria and other key stakeholders from the education and government sectors and the trade union. These firms were selected for the study because they are the only surviving formally registered SMEs currently into textile fabric production in Lagos State, Nigeria. Case participants were selected based on two criteria. First, firm size (to qualify as an SME for the study, they had to be in accordance with the European Commission (2003) definition of SMEs which is widely accepted by practitioners) as discussed in the previous paper by Pessu & Agboma (2018). The second criteria were based on the reputation and position of stakeholders in the market/industry. The findings were interpreted using thematic analysis. Thematic analysis offers a systematic yet flexible and accessible approach to analyses qualitative data, leading to rich descriptions, explanation and theorizing (Saunders, Lewis & Thornhill, 2016). The process of thematic analysis begins with data coding to identify themes or patterns for further analysis in answering the research questions or objectives.



## Findings and Discussion

Collaboration plays an important role in handling economic, social and environmental issues for businesses and can play a key role in addressing issues of trade and related policies facing SMEs' in the Nigerian textile industry. Kanter (1999) notes that partnerships between business and society are becoming a very important necessity for firms today due to increased competition faced by businesses in the global business environment. Businesses are now embracing collaborative partnerships with the society where they operate such as non-profit organizations, the government, and other key stakeholders. Numerous studies such as; Smirnova, Henneberg, Ashnai, Naude & Mouzas (2011) and Ehret, Kashyap & Wirtz (2013) has highlighted the importance of collaboration in a business environment. Among these studies, only a few such as; Franco (2003); Eyaa, Ntayi & Namagembe (2010); and Hoof & Thiell (2014), have focused on the importance of collaboration among SMEs, and none on those operating in developing country's textile industries such as Nigeria. In order to grasp the importance of collaborative partnership as the basis of undwarfing the dwarfed giant, this section presents the research findings. It identifies and discusses areas of SMEs collaborative partnerships in the Nigerian textile industry with their customers, educational institutions and the government.

### Collaboration with Customers

In the past, the process of value creation was strictly the duty of firms. They were solely responsible for making important decisions for their brand or products like the design, development of production processes, craft marketing and controlling sales channels without the opinion of their customers (Prahalad & Ramaswamy, 2004a). However, in recent years, there has been a change in the paradigm from transactional oriented to relational oriented marketing between firms' and their customers (Gronroos, 1994). Customers are now viewed as co-producers or co-creators of value because, in service-oriented settings, customers are directly involved in the service encounter. Customers are becoming more relevant by co-creating value with companies through their interactions with communities of professionals, service providers, consumers and other customers, by so doing the co-creation experience of the customer becomes the very basis of value (Payne, Storbacka & Frow, 2008). A situation where both parties learn the needs, wants, capabilities and priorities of each other and jointly co-creating value (Vargo & Lusch, 2004). For instance, Manager Company B identifies some areas of value co-creation involving the firm and their customers:

*"Well, they bring us ideas, colors and sometimes they bring design and ask us if we can make it and we change it a little bit so that it doesn't violate any property right. There is a very close relationship existing between us and of course there is a free flow and exchange of information between us and our customers. They are also involved in the decision-making process of our product because it's a continuous process throughout the year because we are very close to the market. It's not like a European making laces and carrying to Nigeria, the link is here and I go almost every week to the market myself".*

The process of co-creating economic and social value for firms has evolved over the years from offering products and services to offering solutions. Vargo, Maglio & Akaka (2008) call this the process

of doing something for another party, which is the basis of exchange in collaborative value co-creation. Collaboration between firms and their customers has been viewed as part of problem-solving processes whereby value can be co-created through joint dialogical interaction. The process enables partners to contribute and integrate their resources as a means of serving customers effectively and efficiently and improving firms' competitiveness (Prahalad & Ramaswamy, 2004b; Stenroos & Jaakkola, 2010; Terblanche, 2014; Agrawal & Rahman, 2015). Prahalad & Ramaswamy (2004b) validate that quality dialogical interactions between firms and their customers as co-creators of value are the key to unlocking new sources of competitive advantage. The future of this competitive advantage lies in a new approach to value creation, which is based on co-creation of shared value between firms and their customers armed with new connective tools that involves collaboration with a network of key stakeholders in the business environment such as; government, non-profit organizations, consumers, institution, trade unions, suppliers and other customers (Prahalad & Ramaswamy, 2004b; Porter & Kramer, 2011). Equally, Manager of Company C notes that their customers indirectly collaborate with the company because:

*"They come and tell us this is what is going on in the main market and they see what our competitors are doing, so they are like our spy. For example, they will say this is what Company Z is doing now, this is what this one is doing and this is how they pack their products. They can even buy it and bring it to us and when we see it, we can even improve on that for us to have an edge so indirectly they are part of the decision-making process".*

It is established that in co-creation, firms provide customers access to resources to co-create value within the company in order to enhance the value of their product offering (Gronroos & Ravald, 2011; Raja & Yazdanifard, 2014). When it comes to co-creation of value, there are two categories of customers. According to Raja & Yazdanifard (2014), the first category of customers' view co-creation as requiring a high amount of personal input or contribution. These customers are generally more difficult to engage in the process of co-creation of value. While the second group of customers' view co-creation as needing less input or contribution. Customers who fall into this category are more willing to engage in co-creation of value. Thus, in order to effectively and efficiently co-create value, it is mandatory that firms identify and understand their customer base. Based on stakeholders' perspectives from the above discussion, it is evident that customers actively involved in co-creation of value with textile manufacturing firms in Nigeria fall into the second category of customers. Managers of these textile firms explained that the results of these collaborations are beneficial to both parties because; customers are getting their ideas at the current price and quality through their color specification. While the firm benefits from the collaboration through the satisfaction they derive from meeting customer needs and also ideas and information on the latest trends in the market in terms of colors, which is very important in fabric production. For example, the Manager Company A opined that they also collaborate with their customers in different ways:

*"We usually have a customer's forum. Whereby they may be interested in the purchase of some of our products, we address their issues and they give us feedback regarding buying cost, product*

*quantity (which they rationalise when the quantity is not enough). For example, people who felt cheated or not adequately rewarded come here to complain and we look into it. We normally go to the market to see them; to know how well they are doing. We went to Ibadan this year, myself the General Manager (GM) and about two other staffs, this is apart from the marketing department that does theirs on a daily basis. At times the GM, the PMs' and other people do go to Ibadan and hear from them, to know happenings around the market. They give us lots of information and the main problem is China products".*

Ulag & Eggert (2006) explain that customers normally have a number of suppliers who produce the same products, hence manufacturers are faced with the challenge of creating superior value through product differentiation and quality than their competitors. Providing customers with an adequate solution to their challenges is determined by the level of competence and relationships with the collaborating firm, which will design a platform aimed at enabling customers co-create value. Lindgreen, Xu & Wilcock (2012) suggest that the success of a collaborative network involves a higher level of openness between partners, information sharing, mutual trust and confidence among collaborative partners. Lewin & Johnston (1997) cite that collaboration in inter-organizational relationship is an important part of business success. That is, collaboration in buyer-seller relationship enables businesses to have a better knowledge of their customers, identify customer needs, improve customer satisfaction and loyalty and co-create value that is beneficial to both parties, the economy and the society at large (Day, 2000).

### **SMEs Collaboration with Educational Institutions**

Firms who successfully create superior value, alongside improved technological performance and organisational skills, bring more innovation to the market (Al-alak & Tarabieh, 2011). Collaborative business relationships are becoming increasingly vital for firms who aim to gain and sustain their competitiveness, especially in innovative areas. It is essential for SMEs' who lack tangible resources such as financial and human capital resources, hence the dependence on intangible resources that are accessed, and employed from external collaborative business relationships (Nordman & Tolstoy, 2016). Innovative collaboration is the extent to which SMEs' view their inter-organizational relationships to jointly solve a common problem and engage in innovative knowledge development leading to innovative business ideas and solutions. Innovation often occurs in collaborative business relationships where partners jointly participate in problem solving and creativity. It is viewed as an essential part of competitiveness. Consequently, information sharing and knowledge transmission as a source of utmost innovation determine the capacity that a firm must possess in order to adopt necessary innovations in time to reach competitive advantage in the market (Simao, Rodrigues & Madeira, 2016). This study identified the absence of on-going collaboration in the areas of innovation and knowledge transfer between educational institutions and the Nigerian textile industry. For instance, the Manager of Company A narrates:

*"In the past when things were going smoothly in the industry, there was a collaborative relationship existing between our firm and the Yaba College of Technology because the college had a department*

*of polymers and textile but since the challenges in the textile industry, many students do not want to study textile and polymer again and that has affected our relationship”.*

Numerous studies have identified the lack of technological know-how as one of the major hindrances to SMEs' development (Swierczek & Ha, 2007). The role of educational institutions in innovation and technology and knowledge generation in enhancing R&D for businesses has been highlighted by most researchers in business and management. Guimon (2013) cites that educational institutions have experienced a change in their strategic mission since 1990 from just teaching and research to addressing the needs of the industry by contributing directly to economic and social development and growth. The collaboration that exists between educational institutions and businesses consist of knowledge creation and transfer for economic and social good. Gao, Guo & Guan (2014) note that such collaboration enables businesses to acquire both scientific and technological knowledge from their partnership with educational institutions through information sharing, education and training, skills transfers through the quality of students they provide and collaboration in areas such as R&D. In other words, the collaboration between educational institutions and firms leads to the creation of superior value for economic and social development and in the development of quality products. Cunningham & Gok (2012) argue that educational institutions and industry collaboration is not only about knowledge exchange rather it also involves areas such as employment and skills. A Senior Lecturer at the Department of Textiles Yaba College of Technology, Lagos State noted that:

*“In the past, our institution was in collaboration and partnership with firms such as Nichemtex, Enpee, Aba textiles and Asaba textiles operating in the textile industry. We provided them with the right skills support through our students. But today, such form of collaboration no longer exists between the institution and the textile industry due to the challenges facing the industry and this has impacted on the institutions enrolment because students are no longer interested in studying textiles because there are no job opportunities out there for them and the few who do graduate from textiles are self-reliant because these textile firms are folding up and relocating to countries like Ghana who have favourable policies and constant electricity”.*

Studies show that collaborative partnership between industry and academia plays a vital role in the competitive advantage of highly industrialised countries in the world (Bramwell & Wolfe, 2008; Obonor & Kwasi-Effah, 2013). However, in developing countries like Nigeria, Creso (2014) observed that little is known about industry and academia relationship, this is because empirical studies on educational institutions-industry relationship have focused mainly on technologically developed countries. The huge gap between domestic industries and academia can be linked to a lack of shared understanding and collaboration between these key stakeholders and the government. Bogoro (2015) adds that the gap in collaborative partnership between these key stakeholders can be ascribed to (1) poor research infrastructure, which leads to a shortage of innovative research for economic value; (2) the nature and structure of domestic firms, most of which tend to be infant firms of parent companies located in other countries. Technological innovation and human capital of these firms are provided through their foreign parent company and hence they have no reason to engage in collaborative partnerships with domestic institutions, and (3) educational institutions and industry

collaboration require sophisticated research and innovation; but institutions, especially in Africa, lack the resources and capabilities to actively engage in such collaborative partnership with firms. Furthermore, the Head of Department Fine & Applied Art Yaba Federal Polytechnic Lagos mentions:

*“In the past some of these textile firms visited our institution to source students for industrial attachment in all sections of their firm and they also come to the institution to source for designs, but today nothing of the sort exists because they now have expatriates that are highly skilled workers who can make these designs quicker and better with computers”.*

Guimon (2013) suggests that for there to be a successful collaboration between educational institutions and the firm, both partners requires an agreeable mission and motivation that will enhance their collaborative efforts. Meaning, educational institutions on their part requires improvement in the standard of teaching and learning, adequate funding, information sharing and access to empirical data from the industry and reputation enhancement in order to effectively collaborate with the industry. While the firms' require access to equipment and facilities of educational institutions, access to public funding and incentives, access to complementary technological knowledge, training for existing and future employees, access to skilled workers, influence on the outcome of teaching and research in educational institutions and to reduce risk by sharing the cost of R&D. In developing countries, educational institutions lack adequate financial and human resources to produce R&D, which can be used for economic and social development through collaboration with the industry. In addition, firms in developing countries are faced with issues such as poor technological innovation, knowledge and skills acquisition from educational institutions. Equally, the Head of Department Fine & Applied Art Yaba Federal Polytechnic Lagos submits:

*“There is a wide gap between the industry and the institution because for our students to fit into the industry, the lecturers and the students require more training because what we teach the students are called “solo effort”. That is, the curriculum content has to be improved to meet the demands of the industry and there need to be policies in place from the government to support this and it should be well implemented. There needs to be adequate funding from the government in place through the management of the institution, the lecturers also need to be properly trained in terms of workshops, service training and seminars and to also meet up with the technological demands in order to be well equipped in teaching their students and preparing them for the textile industry”.*

Government policies play a vital role in educational institutions and industrial collaboration through the provision of funds, support services to both firms and educational institutions, by creating platforms for networking and raising awareness on the importance and benefits of partnership and collaboration in economic and societal development. Wilson (2012) opined that the aim of the policy framework is to enhance good practice in educational institutions and industry collaboration through strategies such as change inspired by good management, improving firm performance through direct or indirect funding and implementation of regulatory requirements. Due to the challenges faced by developing countries such as Nigeria in terms of budgets and competition, it is important for the government to implement policies that will enhance partnership and collaboration between



educational institutions and firms such as the implementation of R&D grants, tax incentives and innovation vouchers (OECD, 2010; Zuniga, 2011; Guimon, 2013). Guimon (2013) notes that successful collaboration between educational institutions and the industry depends solely on the strength of the country's technological innovations, policies, and willingness to collaborate. However, the government on their part can implement favourable policies that will be beneficial for economic and social development through collaboration with stakeholders. A senior lecturer at the Department of Textiles Yaba College of Technology Lagos States added:

*"The only collaborative link currently existing between our institution and the textile industry has to do with marketers of textile fabrics. We produce textile designs for these domestic marketers and also for some Chinese marketers, based on their request and when these designs are completed the marketers send them to China for printing and for mass production which is later packaged and sent back to Nigeria to sell as foreign imported".*

Collaborative partnership in an educational institutions-industry relationship is very important to firms because they require quality product development to remain competitive and knowledge acquisition. However, it is evident that the level of economic development is a major determinant of innovative capabilities in educational institutions -industry collaboration. Due to limited access to latest technologies in the Nigerian textile industry, product and design innovations by some higher institutions are being spread gradually and differently across to domestic marketers, foreign marketers and product imitators across countries. This is due to the fact that these countries differ in their levels of economic development and technology. Gurbiel (2002) explains that production processes tend to be moved from country innovator to foreign countries for mass production because: (1) domestic manufacturers lack technological capabilities and thus cannot meet market demands; (2) production processes are moved because marketers are in search of cheaper production factors and to ensure better service from foreign markets; and (3) foreign marketers and imitators tend to internalise their possessed technologies.

### **Collaboration with the Government.**

Collaborative planning is a series of business processes whereby collaborative business partners exchange information, synchronised forecast, risks, costs and benefits with the aim of improving the overall business performance through joint planning and decision making (Thome, Hollmann & Scavarda, 2014; Hollmann, Scavarda & Thome, 2015). These processes are formed based on the agreement between business partners (such as firms, the government, customers, and other stakeholders) to collaborate on strategies and implementation, thereby tackling various uncertainties that may arise through improved communications, trust and collaboration (Attaran & Attaran, 2007; Derrouiche, Neubert & Bouras, 2008). Collaborative planning also creates superior value for the society whilst improving the firm's business performance by providing consistent information and plans that allow the efficient flow of goods and services based on demands (Hollmann, Scavarda & Thome, 2015). It also integrates core business activities that are internal and external to the firm's operations (Chen, Yang & Li, 2007). Participants in this study noted that the only ongoing collaboration involving trade unions, the government and textile manufacturers usually takes place

at the Manufacturers Association of Nigeria (MAN) office. They noted that meetings are held between representatives from the industry, the government and other trade unions, regarding the challenges faced by manufacturers in the country's textile industry and how it can be resolved. One of such meetings led to the Bank of Industry (BoI) loan made available in the textile industry. For example, the Director of Industry, Lagos State Ministry of Commerce and Industry narrates that:

*"Currently there is no direct collaboration between the ministry and textile manufacturers. However, the only ongoing collaboration is with MAN, which is an umbrella body for all the industries. The ministry has a cooperate assembly which is a forum where the governor meets businesses in Lagos State and it is tagged "BRT Meets Business" and it is held thrice yearly. The forum brings stakeholders in the industry together to discuss their challenges while the government provides a solution to these issues, which is then addressed during the yearly meeting of the National Council on Trade Investment and Industry with the minister in Abuja".*

Business-government partnership is becoming a global phenomenon as it enables them to discuss and negotiate policies and regulatory related issues and co-create shared value. Wong, Wei & Tjosvold (2014) study on 146 business-government relationships, found out that partnership between these stakeholders promotes cooperation and collaboration in addressing business conflicts and competitive threats, which in turn boost industrial development and competitiveness. Thus, collaboration between the government and the industry is vital to sustainable competitive advantage. Hence, business-government collaboration is critical in shared value creation, especially in developing countries like Nigeria. Active collaboration is necessary for SMEs' operating in the Nigerian textile industry in order to thrive and play their role as drivers of socioeconomic growth and development, as it assists in tackling issues posed by unfavourable policies in their domestic business environment. Through this collaboration, the government can implement appropriate regulatory and economic frameworks and create a conducive business environment for SMEs' to flourish. While SMEs' can support and advocate for reforms that can enhance competitiveness at the national level, and lend their support to initiatives that facilitate trade beyond national borders (Guimon, 2013). Furthermore, the Manager Company B identifies other areas of collaboration that formerly existed between the industry and government in the textile industry:

*"The former minister of trade Aganga invited McKinsey to conduct a study of Nigerian industries from which some key industries will be selected and promoted in order to become Africa's first and second biggest producers in the world. The textile industry was one of the selected industries alongside cement and rice farming, which is doing exceedingly well, but textiles are yet to yield any positive result apart from the extension in BoI loan repayment and the reduction of interest rate from 6 percent to 4 percent".*

Collaborative planning is prone to failure when partners are driven by self-interest and benefits/rewards that each party expects to receive from the partnership (Vlachopoulou & Manthou, 2003). However, collaborative processes are most likely to succeed when the stakeholders involved share common goals and understanding of the task and are fully committed to achieving the

supposed objective jointly. It also requires a high level of mutual trust, openness and shared risk leading to greater productivity and shared value co-creation for socioeconomic development. To further illustrate this point, Buehler, Whitney & Berkelman (2006) uses the public health sector as a case study, where public health officials and business executives for national security engaged in collaborative planning in order to reduce large-scale public health emergencies in Georgia. This was achieved through the implementation of business models based on defining shared objectives, identify common needs and vulnerabilities, developing carefully defined projects, and evaluating proposed project methods through exercise testing. Similar to what is happening in Georgia, there was the introduction of the brand name “Made in Nigeria” by the government and manufacturers in the Nigerian textile industry. According to Manager Company B:

*“Another partnership we had with the government, which yielded no result, was the introduction of the brand name “Made in Nigeria” on every textile material produced in the country as a means of promoting and increasing patronage of locally manufactured textiles. The outcome of which was disastrous as customers changed the packaging and labels of these locally manufactured textiles to “Swiss Made” in order to sell it in the market as Swiss imported because Nigerians generally are of the opinion that anything imported from overseas is far better than the ones made in Nigeria”.*

“Made in Nigeria” products are goods manufactured in Nigeria by domestic manufacturers using mainly locally sourced materials (Njoku, 2004). The concept of “Made in Nigeria” dates back to the 1960s when domestic entrepreneurs in the South-Eastern region of the country (Aba, Abia State to be precise) were specialized in the production of inferior and substandard goods when compared with imported ones. Thus, Nigerians tagged these products as “Made in Aba” or “Aba Made”. This continued until the 1970s when the indigenization/enterprises promotion decree of 1972 was passed. This decree changed the ownership structure of Nigeria’s private sector; it placed Nigerians at the helm of affairs of multinational companies (Njoku, 2004; Ogechukwu, Oboreh, Umukoro & Uche, 2013; Atuegbu, 2016). These firms were producing goods that cannot be compared to those of their parent companies in terms of quality. To easily differentiate between these products, customers referred to all products manufactured and assembled in Nigeria as “Made in Nigeria”. However, the Objective of “Made in Nigeria” brand name by the Federal Government was to create a sense of awareness for locally manufactured goods in order to encourage domestic patronage and boost competitiveness like those imported into the country. The evidence suggests that the introduction of the brand name “Made in Nigeria” failed in the country’s textile industry because there was no collaborative planning between the government and manufacturers to erase the negative perception about “Made in Nigeria” products and to encourage them to like locally manufactured goods. They also failed to create awareness on the economic importance and benefits of buying “Made in Nigeria” products. The perception that “Made in Nigeria” products are inferior to foreign made products has hampered the productivity and competitiveness of domestic manufacturers.

According to Oyeniyi (2009), the concept of country of origin (COO) highlights consumers’ attitude and perception of foreign products. Tran & Fabrizze (2013) suggest that these attitudes and perceptions are motivated by two factors: Firstly, buyers’ impression of the product attributes such

as the product quality, purchase value, technological advancement and level of sophistication, which is inspired by social status or class and brand credibility from the country of origin. Secondly, buyers' knowledge of the country of origin in terms of economic and social development. A number of studies in this field identified that buyers are biased towards goods from developed countries. That is, buyers hold products from developed countries in high esteem in terms of their product quality and their level of economic and social development than those from newly industrialized countries, which are viewed as inferior. Furthermore, products from developing countries such as Nigeria are viewed negatively (Okechukwu & Onyemah, 1999; Oyeniyi, 2009). A good example of such a scenario in developing countries is the Nigerian textile industry where most buyers place more value on imported textiles than those locally manufactured in the country. However, some stakeholders noted that collaborative efforts in the Nigerian textile industry are being sabotaged by self-interest and expected individual benefits from the collaborative outcomes. For instance, the Head Industrial/International Relations, Association of Senior Staff of Banks, Insurance and Financial Institutions (ASSBIFI) explain:

*"Apart from the government not getting us involved in decision-making processes that have to do with the industry. Another issue facing the industry today is that of greed. For example, most members of the union are more concerned with self-interest such as money and some of which are political appointees from the government to do their bidding. If the union is united and puts the interest of the industry first above money and other materialistic things, then there might be a way forward but currently, there is no hope for the textile industry".*

Collaborative partnerships can only yield positive outcomes when individual stakeholders are united and committed to working jointly in achieving common goals. When parties involved in the collaborative relationship have different perceptions, understanding, and requirements for collaborative outcomes, it is impossible to achieve the collaborative purpose. If SMEs' are to attain long-term sustainable competitive advantage, they must engage in a collaborative partnership with key stakeholders in their various industries through mutual trust, commitment, communication and shared understanding of the phenomenon in order to efficiently co-create shared value (Kornfeld & Kara, 2015). Hence, this study proposes the creation of shared value through collaborative partnership among key stakeholders as a way of addressing the issues faced by the Nigerian textile industry.

### **Summary and Conclusion**

In this study, we uncovered how the dwarfed giant can be undwarfed through the creation of shared value among SMEs and key stakeholders in the Nigerian textile industry. To achieve the research objective, areas of collaborative partnership among SMEs fabric textile manufacturing firms and key stakeholders in the industry were examined using a qualitative mode of inquiry. The findings uncovered a range of factors limiting SMEs collaborative abilities in the Nigerian textile industry. Firstly, the study identified some elements of value co-creation between SMEs and their customers in areas of information sharing and to some extent customers' involvement in the decision-making processes of these firms in relation to product development. Secondly, the study identified

collaborative links that previously existed between the Nigerian textile industry and educational institutions in areas of innovation and knowledge transfer. Noting that in the past, manufacturers in the Nigerian textile industry relied on educational institutions for designs and skill sets that meet the demands of the industry. However, such forms of collaborative relationships no longer exist due to a number of factors: the lack of sustainable competitive advantage in the Nigerian textile industry hindered SMEs' collaborative abilities with educational institutions in the country. In addition, the gap between curriculum content and the industry made it impossible for educational institutions to adequately support the industry with the right skill sets and innovative capabilities. The findings also demonstrate that the government is also to blame for the lack of educational institutions-industry collaboration, given that the government failed to provide a conducive environment for SMEs' to thrive and failed to implement policies aimed at supporting curriculum contents and the provision of funds to enhance technological innovation and management of educational institutions.

Thirdly, the study identified areas of collaborative planning between the government and practitioners in the Nigerian textile industry. However, these collaborative outcomes have yielded little or no result due to the lack of shared understanding and value among stakeholders in the industry. In this view, this study draws on the conclusion that in order to co-create shared value and achieve long-lasting positive outcomes in the Nigerian textile industry, stakeholders must first engage in relationship building by setting aside individual differences; thereby establishing mutual trust; commitment; co-operation; effective communication and information sharing before engaging in collaborative planning and execution of set objectives. Furthermore, in order to achieve long-term sustainable competitive advantage that is mutually beneficial to firms' and the society; collaborative partners such as key stakeholders in and out of the textile value chain must be carefully selected, define the collaborative purpose, set relationship boundaries, simultaneously co-create value and maintain the relationship. In addition, key stakeholders require a collective shared understanding in identifying the needs of the Nigerian textile industry in areas that require long-term collaborative shared value co-creation; such as policy implementation and restructuring, capital investment, innovation and technological development amongst numerous others. As such, special attention must be given to the internal environment in order to adequately tackle challenges from the external business environment collaboratively.

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